



# ALABAMA DEPARTMENT OF REVENUE

## Instructions For Preparation of Domestic Corporation Franchise Tax Return, Permit Application and Annual Report

# 1997

### I Electronic Funds Transfer Tax Payment

Section 41-1-20, **Code of Alabama 1975** requires the use of Electronic Funds Transfer (EFT) for all tax payments of \$25,000 or more made during the calendar year. Taxpayers must register to use EFT, and substantial penalties can be assessed for noncompliance. Call the Revenue Department EFT Hotline at (334) 242-0192 or 1-800-322-4106 for further information. If payment made by EFT, mail completed return to: Alabama Department of Revenue, EFT Unit, PO Box 327950, Montgomery, AL 36132-7950.

### II General Information

This is notice that payment of 1997 Domestic Corporation Franchise Tax, Permit Fee and Secretary of State Annual Report Fee is due on or before March 15, 1997. All corporations in legal existence on January 1, 1997 are required to pay 1997 Franchise Tax and Permit Fee in return for the privilege to exist and operate as a corporation under Alabama law. Even corporations that are dormant, out of business, or liquidated are required to pay Franchise Tax and Permit Fee. Only corporations which were **legally dissolved prior to January 1, 1997** are not required to pay the 1997 Franchise Tax, Permit Fee, and Secretary of State Annual Report Fee.

The return should be filed and the Franchise Tax, Permit Fee and Secretary of State Annual Report Fee paid on or before March 15, 1997. There is no provision to grant an extension for filing a **domestic** corporation Franchise Tax Return, Permit Application and Annual Report. The balance sheet(s) and any supporting schedule(s) may be sent at a later date if not available at the time the return is due to be filed.

### III Penalties and Interest

The law provides for a penalty for failure to file and a penalty for failure to make payment plus interest if the corporation is delinquent in filing the Franchise Tax Return, Permit Application and Annual Report after the March 15th due date. The 1997 Franchise Tax Return, Permit Application and Annual Report filed after March 15, 1997 will be subject to a penalty of the greater of 10% of any additional tax required to be paid with such return or a minimum of \$50.00 each for failure to file the Franchise Tax Return and Permit Application. Also, Franchise Tax and Permit Fee not paid on or before March 15, 1997 will be subject to a 1% per month late payment penalty as provided in Section 40-2A-11 and will accrue interest at the rate provided in Section 40-1-44. The Alabama interest rate is the same as provided in Internal Revenue Code Section 6621. The late filing penalty, the late payment penalty, and interest is calculated from March 15, 1997.

### IV Instructions

**Item 1.** State the Alabama county where the articles of incorporation were filed. If corporation is Federally chartered, put "United States."

**Item 2.** Indicate the date the certificate of incorporation was issued by the probate judge of the county listed above. Federally chartered corporations should give the date their permit to do business was issued.

**Item 3.** Section 10-2B-5.01, **Code of Alabama 1975** requires each corporation to have and continuously maintain in **Alabama** a registered agent and a registered office. Failure to do so, or failure to report that information here, is cause for administrative dissolution.

**Items 4-7.** Self-explanatory. **If any information on preprinted form is wrong, please correct.**

**Item 8.** Report is required by law to be signed by a corporate officer.

**Item 9.** Secretary of State Annual Report Fee. Section 10-2B-16.22 requires that a \$10.00 Secretary of State Annual Report Fee be remitted with the Franchise Tax Return, Permit Application and Annual Report. Also applicable to non-exempt non-profit organizations.

**Item 10.** Please transfer the figure from line 23A on the back of the return where the Permit Fee is computed. **The minimum Permit Fee is \$10.00.** Non-profit organizations pay \$10.00 Permit Fee.

**Items 11, 12, & 13.** Enter the Permit Fee late filing penalty (minimum \$50.00) and compute the 1% per month late payment penalty on the amount of Permit Fee due on line 10 and enter the total Permit Fee late filing and payment penalty amount due on line 11. Compute the Permit Fee interest due from March 15, 1997 on the amount of Permit Fee due on line 10 and enter the Permit Fee interest due on line 12. Add lines 10, 11, and 12 and enter the total Permit Fee due on line 13.

**Item 14.** Please transfer the figure from line 24E on the back of the return where the Franchise Tax is computed. **The minimum Franchise Tax is \$50.00.** Non-profit organizations do not pay Franchise Tax.

**Items 15, 16, & 17.** Enter the Franchise Tax late filing penalty (minimum \$50.00 or 10% of tax due; whichever is greater) and compute the 1% per month late payment penalty on the amount of Franchise Tax due on line 14 and enter the total Franchise Tax late filing and payment penalty amount due on line 15. Compute the Franchise Tax interest due from March 15, 1997 on the amount of Franchise Tax on line 14 and enter the Franchise Tax interest due on line 16. Add lines 14, 15, and 16 and enter the total Franchise Tax due on line 17.

**Item 18.** Add lines 9, 13, and 17, the Secretary of State Annual Report Fee, total Permit Fee, and total Franchise Tax due and send payment for the total amount due on line 18. **Minimum total Secretary of State Annual Report Fee, Permit Fee and Franchise Tax is \$70.00.**

**Item 19.** In accordance with Section 40-14-43, **Code of Alabama 1975**, a portion, 6.65% of the corporation's Franchise Tax payment is distributed to the Alabama county(ies) in which the corporation owns property. Therefore, in order to accurately distribute the payment to the proper Alabama county(ies), it is essential that Item 19, page 1 be completed, indicating the county(ies) where the corporation owns property and the assessed value of such property.

**Item 20.** Section 40-14-44 requires the corporation to submit balance sheets as of December 31, 1995 and 1996, or as of its preceding fiscal year. The balance sheet(s) and any supporting schedule(s) may be sent at a later date if not available at the time the return is due to be filed.

**Item 21 and/or 22.** These items determine the amount of capital stock on which the Franchise Tax and Permit Fee is computed. If the corporation has only stock with par value, use only item 21. If the corporation has only stock with no-par value, use only item 22. Under Section 40-14-23, no-par stock is valued at what is given in exchange for it. If the corporation has both par and no-par stock, use both items 21 and 22. Treasury stock is includable in the Franchise Tax base until legally cancelled. **If the capital stock of the corporation has changed since January 1, 1996, attach to the return a copy of the amendment recorded with the Probate Judge authorizing any change(s).**

**Items 23 & 24.** Compute the Permit Fee and Franchise Tax based on the capital stock determined by item(s) 21 and/or 22 and transfer these amounts from line 23A to line 10 and from line 24E to line 14 on the front of the return.

Please send the completed return and payment of the correct amount of Secretary of State Annual Report Fee, Permit Fee and Franchise Tax due to:

ALABAMA DEPARTMENT OF REVENUE  
CORPORATE TAX DIVISION  
DOMESTIC FRANCHISE TAX SECTION  
P.O. BOX 327340  
MONTGOMERY, AL 36132-7340  
(334) 242-9800